

No. 15132

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

MUENCH-KREUZER CANDLE CO., INC., a corporation,

Appellant,

vs.

LESTER F. WILSON,

Appellee.

OPENING BRIEF FOR APPELLANT.

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TOPICAL INDEX

	PAGE
Jurisdiction	1
Statement of the Case.....	2
Patent in Suit.....	2
Specification of Errors Relied Upon.....	4
Argument.....	8
The Wilson Patent in Suit.....	8
Noninfringement Since September 5, 1952.....	10
Invalidity of the Wilson Patent in Suit.....	12
Misrepresentation to the Patent Office.....	18
The Victrylite Candle Company Is a Necessary or Indispensable Party to This Litigation.....	20
Conclusion	22

TABLE OF AUTHORITIES CITED

CASES	PAGE
Berkeley Pump Co. v. Jacuzzi Bros., Inc., 214 F. 2d 785 (C.A. 9)	17
Blackmore v. Ford Motor Co., 56 F.2d 806 (C.A. 6).....	14
D & H Electric Co. v. M. Stephens Mfg., Inc., 108 U.S.P.Q. 27	11
Dunbar v. Meyers, 94 U.S. 187, 24 L.ed. 34.....	14
Great Atlantic & Pacific Co. v. Supermarket, 340 U.S. 147, 95 L.ed. 162	16
Hazel-Atlas Glass Co. v. Hartford Empire Co., 322 U.S. 238, 88 L.ed. 1250.....	20
Hunter Douglas Corp. v. Lando, 215 F.2d 372 (C.A. 9).....	18
Independent Wireless Telegraph Co. v. Radio Corporation of America, 269 U.S. 459, 70 L. ed. 357.....	20
Kwikset Locks, Inc. v. Hillgren, 210 F.2d 483 (C.A. 9).....	17
Mas v. Coca-Cola Co., 163 F.2d 505 (C.A. 4).....	20
Millner v. Voss, 48 Fed. 832.....	15
Nachod & United States Signal Co. v. Automatic Signal Corp., 105 F.2d 981.....	21
Nestle-Le Mur Co. v. Eugene, Limited, 55 F.2d 854 (C.A. 6)....	14
Paper Container Manufacturing Co. v. Dixie Cup Co., 170 F.2d 333	21
Parker Rust-Proof Co. v. Western Union Telegraph Co., 105 F.2d 976	21
Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co., 324 U.S. 806, 89 L.ed. 1381.....	20
Shields et al. v. Barrow, 58 U.S. 130, 15 L.ed. 158.....	21
Slawson v. Grand Street Railway, 107 U.S. 649, 27 L.ed. 576....	14
T.W. & C.B. Sheridan Co. v. W. F. Hall Printing Co., 104 F.2d 603 (C.A. 7).....	15
Waterman v. Mackenzie, 138 U.S. 252, 34 L.ed. 923.....	21

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OPENING BRIEF FOR APPELLANT.

This is an appeal from a judgment entered April 16, 1956 by the District Court for the Southern District of California, Central Division, adjudging valid and infringed Wilson Patent No. 2,464,361 with respect to all the claims of said patent.

Jurisdiction.

Jurisdiction to review the judgment herein is conferred by Section 1292(4) of Title 28, U. S. C. The judgment was entered April 16, 1956. Notice of appeal was given April 19, 1956 [R. 20],* within the thirty-day period provided for in Rule 73 of the Rules of Civil

*Reference to the printed record will be designated by "R." and the page number of the printed record.

Procedure. Jurisdiction over the subject matter is conferred by Title 28, Section 1338, U. S. C., and jurisdiction over the defendant by Section 1400(b), Title 28.

Statement of the Case.

This is an action for infringement of Wilson Patent No. 2,464,361. The action is brought in the name of the patentee, Lester F. Wilson, who is the owner of the patent. Victrylite Candle Company is a licensee under the patent in suit under a license, Plaintiff's Exhibit 5 [R. 331], denominated "otherwise exclusive" in a limited field. Victrylite Candle Company has not joined in this action and while not an issue framed by the pleadings both at the pre-trial and trial, the issue of a want of a necessary party-plaintiff based upon the absence in this litigation of Victrylite Candle Company was raised and tried by the Court.

Patent in Suit.

The patent in suit relates to a candle having different colored aniline dyes impregnated at spaced intervals in the wick of the candle so that upon burning, the candle wax drippings will change color as the different dyes in the wick are dissolved in the molten wax of the drippings.

Prior to September 5, 1952, the defendant manufactured and sold a candle with different colored aniline dyes impregnated in the wick of the candle at spaced intervals. Infringement of the claims of the patent in suit, if valid, by this candle, is not contested. Subsequent to September 5, 1952, the defendant manufactured a candle as exempli-

fied by Defendant's Exhibit N. In the manufacture of this candle, a wick is dipped in candle wax to form a core or thin taper of about a quarter of an inch thickness. On that core is painted successive strips of variously colored wax. This colored wax, mother color or muetter farben, is melted wax containing an aniline dye. Thereafter, the candle is again dipped successively until the desired diameter of the candle is built up. The plaintiff does not claim and the Court did not find infringement of Claims 2 through 6 of the patent in suit by the candle as manufactured by defendant since September 5, 1952, as each of these claims is specifically limited to having the coloring material in the wick. The District Court did find infringement by this later candle of Claim 1.

The issues framed by the pleadings and tried by the Court are the validity of Claims 1 through 6, the infringement of Claim 1 since September 5, 1952 and whether or not this case can be maintained in the absence of the Victrylite Candle Company. With respect to the issue of infringement of Claim 1, defendant relies upon the plain wording of the claim which calls for the dye in the candle to be normally undissolved in the wax of the body of the candle which defendant contends is not met by a candle such as Exhibit N in which wax is first dissolved in dye and then painted on a quarter inch taper. This contention of defendant's, defendant will contend, is reinforced by the file wrapper of the Wilson Patent in which claims of the scope sought by the plaintiff and given by the District Court were rejected by the Patent Office and

cancelled by the patentee thus estopping the plaintiff from seeking an interpretation of Claim 1 sufficient to find infringement. With respect to validity, defendant will contend that the claims of the patent in suit are invalid as embodying no invention over the prior art and as having been obtained by a misrepresentation to the Patent Office as to certain prior art patents.

Specification of Errors Relied Upon.

Appellant relies upon the errors specified in its statement of points upon appeal filed May 18, 1956 [R. 320-324] reading as follows:

“I.

“The District Court erred in concluding that Claims 1 to 6 and each of them of the patent in suit No. 2,464,361 are good and valid in law.

“II.

“The District Court erred in failing to find that Patent No. 2,464,361 and each of the claims thereof are invalid and void for want of invention over the prior art.

“III.

“The District Court erred in failing to find that Patent No. 2,464,361 and each of the claims thereof are invalid and void and unenforceable for having been procured by a fraud perpetrated upon the United States Patent Office by reason of a false representation made in plaintiff's brief on Appeal to the Patent Office Board of Appeals that ‘The metallic salts and the like employed for flame coloring in the references

are not dyes, they are not wax soluble, and they would not affect the color of drippings if the candles were of the drip producing type.'

"IV.

"The District Court erred in concluding that candles manufactured by defendant-appellants since September 5, 1952, infringe Claim 1 of Patent No. 2,464,361.

"V.

"The District Court erred in concluding that 'Examination of the file history of the Wilson patent application reveals no estoppel against plaintiff's assertion of validity and infringement.'

"VI.

"The District Court erred in failing to conclude that Claim 1 of Patent No. 2,464,361 is limited to a candle in which the dyes are 'normally undissolved in the wax of said body' and hence not infringed by candles as manufactured by defendant-appellant since September 5, 1952, in which the dyes, prior to application to the taper, are first dissolved in wax.

"VII.

"The District Court erred in concluding that the prior art relied upon by defendant does not support defendant's contentions of invalidity in view of the rules and laws as laid down in *J. A. Mohr & Sons vs. Alliance Securities Co.*; *Standard Oil Company vs. Same* (Ninth Circuit Court of Appeals 1926), 14 F. 2d 799; *Flakice Corporation v. Liquid Freeze Corp.*, 130 F. Supp. 471 (D. C. N. D. Cal., 1955);

Dewey & Almy Chemical Company, *et al.* vs. Mimex Company, Inc. (Second Circuit Court of Appeals)
124 F. (2d) 986.

“VIII.

“The District Court erred in concluding that Victrylite Candle Company is neither a necessary nor indispensable party in this Action.

“IX.

“The District Court erred in concluding that plaintiff is entitled to an injunction and an accounting for profits and damages by reason of defendant’s infringement.

“X.

“The District Court erred in failing to find that all candles drip.

“XI.

“The District Court erred in refusing to find, as requested by defendant, that certain of the metallic salts listed in the Fredericks Patent No. 2,184,666, when placed in sufficient quantities on the wick of a candle which drips, will color the drippings of said candle, specifically including copper acetate, cupric chloride, copper hydroxide and ferric oxide.

“XII.

“The District Court erred in failing to find, as requested by defendant, that the use of analine dyes, both in the wick and as a dye to color the core of a candle a different color than the main body of a candle was old in art prior to the time when plaintiff made the invention embodied in the patent in suit.

“XIII.

“The District Court erred in finding that none of the prior patents or publications relied upon by defendant refers to a drip candle, or reveals any contemplation of making a candle which characteristically is of a wax dripping type.

“XIV.

“The District Court erred in failing to find that since 1941 defendant has manufactured and sold, and advertised in its catalog its Star-Pillar candles in which wax colored differently than the exterior of the candle drips upon burning.

“XV.

“The District Court erred in failing to find the German Patent 157,209 of December 28, 1904 discloses a candle which upon burning drips a wax over the exterior of the candle colored differently than said exterior.

“XVI.

“The District Court erred in failing to find that Great Britain Patent 95 of 1871 discloses a candle which upon burning drips a wax over the exterior of the candle colored differently than said exterior.

“XVII.

“The District Court erred in failing to conclude that the patent in suit discloses a mere multiplication of defendant's Star-Pillar candle, or of said candle of said German patent No. 157,209 or of said British Patent No. 95 of 1871 and hence no invention over the prior art.”

ARGUMENT.

The Wilson Patent in Suit.

The patent in suit discloses an extremely simple device consisting simply of a candle having a wick 11 embodied in a wax body 10. The wick 11 has spaced segments 13 impregnated with wax soluble dyes of different colors. Upon burning the wax of the drippings is colored successively to the color of the dye in the portion of the wick being burned.

The Wilson Patent had a very stormy trip through the Patent Office. All of the original claims were rejected on the basis of the Funke and Nelson Patents [R. 346, 348] and were cancelled by the applicant [see Pltf. Ex. 2, file wrapper of the patent in suit]. Thereafter the applicant submitted new application Claims 15 through 23 [see the amendment dated March 11, 1946, p. 13 of Ex. 2]. These claims were rejected and Claims 15 through 18 were rejected as being too broad. Claims 19 through 23 eventually became Claims 2 to 6 of the patent. Claim 18 as originally presented read as follows:

“18. A drip candle comprising a wax-like body, different wax-soluble dyes normally concealed within the interior of the body at different locations longitudinally thereof, said dyes dissolving in the melted wax of the body to form multi-colored drippings as the candle progressively burns.”

Concerning this claim, the Patent Office Examiner stated:

“Claim 15 is further rejected with claims 16, 17 and 18 as incomplete and obviously too broad. The wick is an essential part, yet it is not introduced. These claims are broad enough to read on candles

consisting of layers of wax of different colors, for example, a candle having a red core and a green jacket thereabout."

In response to this rejection, the applicant inserted in Claims 18 (which then after further proceedings became Claim 1) the limitation that the wax soluble dyes were "normally undissolved in the wax of said body."

Nevertheless the claims were again and this time finally rejected as unpatentable over Funke or Nelson and the applicant appealed. It is noted that Funke and Nelson both propose the addition of certain metallic salts to the wick of a candle, the purpose being to produce a candle which upon burning presents different colored flames.

Applicant's attorney filed a brief before the Board of Appeals in which he categorically stated: "The metallic salts and the like employed for flame coloring in the references are not dyes, they are not wax soluble, and they could not affect the color of drippings even if the candles were of the drip producing type." There can be no doubt on this record that some metallic salts will color the drippings of a candle. Thus, the Board of Appeals was misled by the applicant's brief as to what was necessarily disclosed by the prior art. This was done and the representation made to the Patent Office that no metallic salts would color the drippings of a candle despite the fact that the applicant had made no experiments to determine whether or not any of the recited metallic salts would in fact color the drippings of a candle and did not in fact know whether they would [R. 79-80].

Noninfringement Since September 5, 1952.

As stated above, since September 5, 1952, all of defendant's accused candles have been manufactured in accordance with Exhibit N in which no dye is applied to the wick of the candle but in which different aniline dyes dissolved in wax are applied to a quarter inch thick taper. The defendant thus avoids the language of Claims 2 through 6 which call for the dye to be applied to the wick, and plaintiff does not even contend nor did the Court find that these claims are infringed by the candles as manufactured by defendant since September 5, 1952. The defendant contends that these candles do not infringe Claim 1 for the same reason. It is inconceivable to us how a candle, when manufactured by dissolving dye in molten wax and then painting the resultant mother color or molten wax containing the dissolved dye on the body of a taper, can be found to fulfill the limitation of Claim 1 that the dye is normally undissolved in the wax of said body. The fact that dye in the defendant's candles is dissolved in the body of the candle is vividly illustrated by Exhibit Q. This is a candle manufactured by the defendant at least as early as 1953 [R. 65], and it is apparent from examination of this candle that the dye has migrated to the extent that it is visible from the exterior of the candle. This is known in the art as "bleeding" and demonstrates that the dye is in fact in solution in the body of the candle [R. 136, 227].

The District Court misconstrued the language of Claim 1 in making its decision. The District Court stated [R. 311] that to its mind the phrase "normally undissolved in the wax of said body" means that it is undissolved so that even on closest inspection you cannot tell there are any colorings in the candle which will drip, but this

was the plain meaning and scope of Claim 18 of the file wrapper which became Claim 1 prior to the amendment which inserted the very language in question. The concept of having the dye concealed so that even on closest inspection it cannot be seen is covered by a totally different phrase of the claim, *i.e.*, that appearing in lines 2 and 3 wherein the dye is stated to be "normally concealed within the interior of the body." The Examiner pointed out that a claim of the scope of Claim 18, disregarding the amendment of August 5, 1947, would read on candles consisting of layers of wax; for instance, "a candle having a red core and a green jacket thereabout." The District Court would clearly grant Claim 1 a scope that would read on such a candle, but clearly the Patent Office did not intend to allow any such claim. We will point out hereinafter that candles having a core colored differently from the exterior of the candle were beyond question old in the art long prior to any date attributable to Wilson. What the District Court did, therefore, was to grant to Claim 1 the same scope as the rejected Claim 18 prior to its amendment. In this the Court erred for it is fundamental in patent law that when a claim has been rejected by the Patent Office and it is amended by the insertion of a further limitation, the patentee is estopped to seek for an interpretation of the claim of the same scope as the claim would have had had it not been so amended.

This Court had occasion to apply this doctrine in the recent case of *D & H Electric Co. v. M. Stephens Mfg., Inc.*, 108 U. S. P. Q. 27, wherein the rule was stated as follows:

"Having asserted the novelty of the right angle principle in order to secure the patent, appellant

cannot now expand his coverage to include other claims which were denied him in the proceedings before the Patent Office. This is simply the exercise of the doctrine of 'file wrapper estoppel'—the gravamen of which is that an applicant who acquiesces in the rejection of his claim, and accordingly modifies it to secure its allowance, will not subsequently be allowed to expand his claim by interpretation to include the principles originally rejected or their equivalents."

Accordingly, under the plain language of Claim 1, reinforced by the doctrine of file wrapper estoppel, the candle as manufactured by the defendant since September 5, 1952 must be noninfringing and the judgment of the District Court to the contrary must be reversed.

Invalidity of the Wilson Patent in Suit.

There can be no question but that there existed, prior to any invention by Wilson, candles in the prior art in which a dye was impregnated in the core of the candle or in the wick and the candle thereafter finished by building up the body with wax of a different color; nor can there be any question of the fact that such candles were intentionally drip candles. The defendant itself had for many years manufactured its Star-Pillar candle which was a drip candle having a colored core and a white exterior, the core intentionally dripping over the exterior. Such a candle is in evidence as Defendant's Exhibit F, which candle is identified in defendant's 1940 catalog, Defendant's Exhibit C, as a candle which drips red over a white exterior.

If the drip candle of Exhibit F were to be produced with a core that is red half way down and green the

rest of the way, under the lower court's decision, it would be held an infringement. Yet it would be but an aggregation of a red core section and a green core section. It is obvious that such a candle would drip red and then green, in the same manner that Exhibit F drips red during the entire burning period. Candles of the type of Exhibit F were in the Examiner's mind when he held that Claim 18 would read on a candle having a red core and a green jacket thereabout.

The patent to Housamann, Defendant's Exhibit A-11, the German Patent No. 157,209, discloses a candle having a colored core and a different colored exterior. An example of this candle is in evidence as Defendant's Exhibit H [R. 131-132]. A stipulated translation of this patent is in evidence as Defendant's Exhibit B [R. 394], and it is noted that the patentee proposed that "the coloring of the core material is done by means of fat soluble aniline colors and that the material of the candle body surrounding the core may be white or any other color differing from that of the core."

The British Patent to Sterry No. 95, Defendant's Exhibit A-7 [R. 359], discloses a candle having a blue, violet or pink dye on the wick and a pearly white body. The wick of this candle is not colored completely to the ends, but the ends of the wick are left white. Thus, it is impossible for one to tell from inspection of this candle that the wick has been dyed. It is noted that this patentee also proposed to use aniline colors. A sample of a candle prepared in accordance with the teachings of the Sterry British Patent is in evidence as Defendant's Exhibit G-2 [R. 188], and it is noted that it dripped upon burning a different color than the exterior of the candle. Thus, we have in the prior art candles in which the wick may

be dyed various colors and candles in the prior art in which the core of the candle may be dyed various colors differing from the outer coating of the candle. These candles upon burning drip drippings colored differently from the body of the candle.

Mr. Wilson has merely taken any one of these three prior art patents and duplicated or multiplied the differently dyed wick or core of the prior art. Each section of dyed wick in the Wilson Patent functions exactly like the dyed wick of the Sterry British Patent or the colored cores of defendant's Star-Pillar candle or the Housamann Patent in that it drips over the body of the candle a dripping colored differently from that body. It is well established patent law that mere multiplication or duplication of elements present in the prior art is not invention. This has been the settled law of the United States since the early case of *Dunbar v. Meyers*, 94 U. S. 187, 24 L. Ed. 34, wherein a patent proposing the use of two deflecting plates, one placed on each side of a circular saw, was void as not constituting a patentable invention when the use of one such deflecting plate was old in the art.

In *Nestle-Le Mur Co. v. Eugene, Limited*, 55 F. 2d 854 (C. A. 6), a patent was held void for want of invention on precisely this ground, the Court stating: "It also represents but a duplication of operative parts, which likewise is not invention."

In *Blackmore v. Ford Motor Co.*, 56 F. 2d 806 (C. A. 6), the patent in suit was held invalid on this same ground wherein the patent disclosed two sockets in place of the prior art single socket.

In *Slawson v. Grand Street Railway*, 107 U. S. 649, 27 L. Ed. 576, the Court held invalid on this exact ground

a patent embodying a mere duplication of the number of panes of glass in a streetcar fare box.

In *Millner v. Voss*, 48 Fed. 832, the Court held invalid a patent for a second curing fire-place in a tobacco curer.

Finally, in *T. W. & C. B. Sheridan Co. v. W. F. Hall Printing Co.*, 104 F. 2d 603 (C. A. 7), the Court held that the mere duplication by the patentee of the number of stitchers involved merely mechanical skill and not invention.

Certainly, once given the suggestion of duplicating any of the prior candles of Housamann, Sterry or the Star-Pillar candle, there was no problem for the patentee, Wilson, to solve as to how to do it. It is stipulated in this case, Defendant's Exhibit B [R. 393], that the use of aniline dyes to color candles was old long prior to the patentee's invention. It will be shown hereinafter that numerous patentees had proposed candles in which the color of the flame would change as the candle burned. Thus, the element of surprise was not a new idea, and the element of change of color with respect to candles was not a new idea. There was no problem to be solved and the decree of the District Court must be reversed and the Wilson Patent held invalid for want of invention.

Apart from the verbiage of the Wilson Patent claims, Wilson's idea of his alleged invention [to use his words in the Victrylite license, R. 18] is:

"candles having dyed cores * * * comprising at different points axially of the candle at least two different colors."

The question on validity boils down to whether applying different colors to the candle core in the face of prior use of cores of a single color amounts to invention.

In the *Supermarket** case, the Supreme Court said:

“The mere aggregation of a number of old parts or elements which in the aggregation perform or produce no new or different function or operation than that theretofore performed or produced by them is not patentable invention. * * * The conjunction or concert of known elements must contribute something; only when the whole exceeds the sum of the parts is the accumulation of old devices patentable. * * * This case is wanting in any unusual or surprising consequences from the unification of the elements here concerned and there is nothing to indicate that the lower courts scrutinized the claims in the light of this rather severe test.

“Neither court below has made any finding that old elements which made up this device perform any additional or different function in the combination than they perform out of it * * * two and two have been added together, and still they make only four.

“The function of a patent is to add to the sum of useful knowledge. Patents cannot be sustained when, on the contrary, their effect is to subtract from former resources freely available to skilled artisans. A patent for a combination which only unites old elements with no change in their respective functions, such as presented here, obviously withdraws what is already known, into the field of monopoly and diminishes the resources available to skillful men. * * * To bring these devices together and apply them to save the time of a customer, *was a good idea*, but scores of progressive ideas in business are not patentable, and we conclude this one was not.”

**Great Atlantic & Pacific Co. v. Supermarket*, 340 U. S. 147, 95 L. Ed. 162.

The foregoing demonstrates the correctness of defendant's position as stated in Assignment of Error No. XVII reading as follows:

"The District Court erred in failing to conclude that the patent in suit discloses a mere multiplication of defendant's Star-Pillar candle, or of said candle of said German patent No. 157,209 or of said British Patent No. 95 of 1871 and hence no invention over the prior art";

and demonstrates the error in Finding of Fact No. 14 wherein the Court held that none of the prior art teaches a multicolor drip candle which upon burning will produce successively different colored drippings, as obviously the prior art does teach the dripping of candle wax differently colored from the exterior of the candle, and it takes no further teaching to know that two colors in the core stacked will drip two colors in succession. This Court has applied the applicable rules of law in reversing the Southern District of California in *Kwikset Locks, Inc. v. Hillgren*, 210 F. 2d 483 (C. A. 9), wherein the Court said:

"There is no invention of a 'mere aggregation of a number of old parts or elements' nor in the accumulation of old devices which do not in some way exceed 'the sum of its parts.' Moreover, a truly inventive combination must create what had not before existed, or bring to light what lay hidden from vision in a way which can be distinguished from 'simple mechanical skill.' "

The rule announced in *Berkeley Pump Co. v. Jacuzzi Bros., Inc.*, 214 F. 2d 785 (C. A. 9), is also applicable:

"* * * where a mechanical combination device represents only an integration of various old elements and the combination clearly reveals that its old ele-

ments thus brought into conjunction or concert do not *functionally operate differently therein* than they did before integration, then it is not a patentable invention."

See also:

Hunter Douglas Corp. v. Lando, 215 F. 2d 372,
(C. A. 9).

In conclusion, upon the issue of validity it is submitted that the Wilson Patent embodies merely a duplication of elements old in the art, which elements are merely aggregated and perform functionally exactly in the manner in which they performed in the prior art, and, therefore, the patent and each of the claims thereof are void for want of invention.

Misrepresentation to the Patent Office.

As pointed out above, after the Patent Office finally rejected Mr. Wilson's application for patent, an appeal was taken to the Patent Office Board of Appeals in which applicant's attorney filed a brief wherein the following positive assertion was made to the Board of Appeals: "The metallic salts and the like employed for flame coloring in the references are not dyes, they are not wax soluble, and they could not affect the color of drippings even if the candles were of the drip producing type." This assertion is contrary to fact. At the trial, defendant demonstrated that various metallic salts when incorporated in the wick of a candle would color the drippings and in fact the plaintiff has stipulated as follows: "* * * it was known in the candle making art prior to the invention of Wilson of the invention covered by United States Letters Patent No. 2,464,361, that metallic salts and aniline

dyes were useful in the coloring of candles * * *”
[R. 393], Defendant’s Exhibit B.

It is noted that the flat denial in plaintiff’s brief, quoted above, does not assert that some metallic salts or even most metallic salts will not color the drippings of a candle. but in effect the statement is that none of the metallic salts would affect the color of the drippings of a candle. There is in evidence a candle made in accordance with the teachings of Fredericks Patent No. 2,184,666 [R. 351] employing copper salts, *i. e.*, copper acetate and copper chloride, materials specifically listed on page 2, second column, lines 63 through 74. of the Fredericks Patent [R. 352]. This candle, Defendant’s Exhibit E-3, was burned partially during the trial, and this Court of Appeals can examine the same and see that upon burning, the candle dripped green drippings over the white exterior of the candle. The Court noted this green dripping during the trial [R. 237]. The same is apparent from Defendant’s Exhibits D and D-2, being a candle manufactured in part from copper acetate and in part from copper chloride and intended by the witness Muench to represent Nelson Patent No. 1,908,044 [R. 348] which specifically mentions copper. In fact we do not believe that upon this record the appellee will seriously contest the fact that some metallic salts, specifically including copper acetate, cupric chloride, copper hydroxide and ferric oxide, will color the drippings of a candle and that at least copper acetate has been used for the coloring of a candle for many many years [R. 119]. It is at once apparent, therefore, that the Wilson Patent was ordered granted by the Board of Appeals of the Patent Office, based upon the direct misrepresentation of fact, which representation, it is even now stipulated, is untrue.

In *Hazel-Atlas Glass Co. v. Hartford Empire Co.*, 322 U. S. 238, 88 L. Ed. 1250, the Supreme Court of the United States ruled invalid a patent as having been procured by fraud upon the Patent Office where, to induce the granting of the patent, the attorneys for the patentee wrote an article for publication and paid the president of a union a bribe for signing his name to the article thus misrepresenting the authorship of the article. However, no contention was made at any time that any of the facts stated in the article were untrue. Here we have a stronger case, a direct misstatement of fact. Under these circumstances, this Court should not hesitate to strike down the patent. *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806, 89 L. Ed. 1381; *Mas v. Coca Cola Co.*, 163 F. 2d 505 (C. A. 4).

The Vicrylite Candle Company is a Necessary or Indispensable Party to This Litigation.

As is shown by plaintiff's Exhibit 5 [R. 331], the plaintiff has granted a license to the Vicrylite Candle Company covering the field of candles having dyed cores as distinguished from dyed wicks. If, contrary to defendant's position herein but in accordance with the lower Court's decision, the patent in suit covers dyed cores, then this license to the Vicrylite Candle Company covers the very monopoly which is in question in this case, and this license, except for a personal, single and indivisible right reserved in the plaintiff, is "otherwise exclusive." We can start from the premise that it is well-settled that the exclusive licensee under a patent is a necessary party in a suit against an alleged infringer. *Independent Wireless Telegraph Co. v. Radio Corporation of America*, 269 U. S. 459, 70 L. Ed. 357, and this is true even though

the original holder of the patent after making an assignment (in equity an exclusive license is an assignment, *Waterman v. Mackenzie*, 138 U. S. 252, 34 L. Ed. 923), reserves to himself a nonexclusive royalty-free license to make, use and sell the invention, *Paper Container Manufacturing Co. v. Dixie Cup Co.*, 170 F. 2d 333. It is noted that in the case just cited, both the assignor and assignee were held to be indispensable parties. For further cases considering the question of indispensable parties in patent litigation, see *Parker Rust-Proof Co. v. Western Union Telegraph Co.*, 105 F. 2d 976, and *Nachod & United States Signal Co. v. Automatic Signal Corp.*, 105 F. 2d 981.

The oft cited case of *Shields et al. v. Barrow*, 58 U. S. 130, 15 L. Ed. 158, defines an indispensable party as "persons who not only have an interest in the controversy, but an interest of such a nature that a final decree cannot be made without either affecting that interest, or leaving the controversy in such a condition that its final termination may be wholly inconsistent with equity and good conscience."

The principal issues before this Court in this case are the question of whether the patent in suit extends to and monopolizes candles having variously colored "cores" (this is the very subject matter "otherwise" exclusively licensed to Victrylite Candle Company). If this Court determines that the Wilson Patent does not extend to, i. e. is not infringed by, candles having the dye dissolved in wax and painted on a core, as is defendant's practice, or if this Court holds Claim 1 of the patent in suit invalid, this Court will adjudicate the very right purportedly exclusively granted to Victrylite Candle Com-

pany. Certainly, the Victrylite Candle Company is intimately concerned in any such adjudication.

We submit, therefore, that this is a case in which Victrylite Candle Company has an interest of such a nature that the decree of this Court must necessarily affect it. Under such circumstances, it seems apparent that the Victrylite Candle Company is a necessary or indispensable party to this litigation.

Conclusion.

In conclusion, defendant submits that the judgment of the District Court should be reversed and this cause dismissed for the reasons that:

(1) The Wilson Patent in suit is invalid for want of invention over the prior art as constituting mere duplication or multiplication of elements old in the art and having been procured by a direct misrepresentation of fact to the Patent Office;

(2) That Claim 1 of the patent in suit is not infringed by the candles manufactured by defendant since September 2, 1952 for the reason that defendant's candles do not have their dyes "normally undissolved in the wax of the body;" and, finally

(3) That this litigation cannot be carried on in the absence of Victrylite Candle Company.

Respectfully submitted,

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